

Scotland Excel

To: Joint Committee

On: 19 June 2020

**Report by:
Chief Auditor**

Internal Audit Report Summary – Contract Strategy Arrangements

1. Summary

- 1.1 In line with the Public Sector Internal Audit Standards, Internal Audit must communicate the results of each engagement to the Board.
- 1.2 Internal Audit undertook a review of the arrangements in place to award contracts. This report provides a summary of the work undertaken, the audit findings and the action being taken by management to address the recommendations made.
- 1.3 Appendix 1 provides a summary of the overall assurance rating for the engagement and the number of recommendation in each category, the Committee summary for the engagement is also attached.

2. Recommendations

- 2.1 Members are invited to note the Internal Audit Summary for the Internal Audit review of Contract Strategy Arrangements.
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Appendix 1

Scotland Excel

Internal Audit Service

Summary of Internal Audit Reports issued

Category	Engagement	Assurance Rating	Recommendation Ratings			
			Critical	Important	Good Practice	Service Improvement
Assurance	Contract Strategy Arrangements	Substantial	0	0	0	0

Assurance Level	
Substantial Assurance	<ul style="list-style-type: none"> There is a sound system of internal control designed to achieve the objectives of the area being reviewed. The control processes tested are being consistently applied.
Reasonable Assurance	<ul style="list-style-type: none"> The internal control processes are generally satisfactory with some areas of weakness being identified that could put some objectives of the area being reviewed at risk There is evidence that the level of non-compliance with some of the control processes may put some of the objectives of the area being reviewed at risk.
Limited Assurance	<ul style="list-style-type: none"> Weaknesses in the system of internal controls are such as to put the objectives of the area being reviewed at risk. The level of non-compliance puts the objectives of the area being reviewed at risk.
No Assurance	<ul style="list-style-type: none"> Control processes are generally weak with significant risk to the achievement of the objectives of the area being reviewed. Significant non-compliance with control processes leaves the processes/systems open to error or abuse.

Recommendation Rating	
Service Improvement	Implementation will improve the efficiency / housekeeping of the area under review.
Good Practice	Implementation will contribute to the general effectiveness of control.
Important	Implementation will raise the level of assurance provided by the control system to acceptable levels.
Critical	Addresses a significant risk, impacting on the objectives of the area under review.

Internal Audit Report

Scotland Excel



SE - Contract Strategy Arrangements (A0008/2020/010)

Date: November 2019

COMMITTEE SUMMARY

Audit Objectives

The objectives of the audit were to ensure that:

- There was engagement with local authority services/other clients to identify service requirements which may benefit from a collaborative procurement contract;
- An in-depth commodity/service strategy which is proportionate to risk, value and strategic importance of the commodity/service to the organisation had been developed for each contract and was being followed per the guidance outlined in the Procurement Journal;
- Commodity/service strategies were in line with Scotland's Excel Corporate Strategy;
- The necessary documentation relating to specification, exclusion, selection and award criteria, ESPD and invitation to tender had been created prior to preparation of the contract notice;
- Where appropriate, contract notices had been used to advertise procedures to be followed and had been published to provide suppliers with access to contract opportunities;
- A sufficient number of competent, financially sound suppliers with adequate capacity to undertake the work had been identified;
- Bidders were assessed based on business probity, technical and professional ability and economic and financial standing.

Audit Scope

1. Interviewed the appropriate staff, evaluated the system in place for contract strategy arrangements and associated procedures.
2. Prepared a series of tests to ensure the contract strategy arrangements and associated procedures as outlined in the above objectives, were operating effectively and as described.

Internal Audit Report
Scotland Excel
SE - Contract Strategy Arrangements
(A0008/2020/010)

Date: November 2019

Key Audit Assurances

1. Sufficient engagement with local authority services/other clients to identify service requirements which may benefit from a collaborative procurement contract were carried out for all contracts.
2. An in-depth commodity/service strategy which is proportionate to risk, value and strategic importance of the commodity/service to the organisation was developed for each contract and is being followed per the guidance outlined in the Procurement Journey.
3. Commodity/service strategies are in line with Scotland's Excel Corporate Strategy.
4. The necessary documentation relating to specification, exclusion, selection and award criteria, ESPD and invitation to tender is being created prior to preparation of the contract notice.
5. Contract notices have been used to advertise procedures to be followed and have been published to provide suppliers with access to contract opportunities.
6. A sufficient number of competent, financially sound suppliers with adequate capacity to undertake the work are being identified for each contract.
7. Bidders are assessed based on business probity, technical and professional ability and economic and financial standing.

Key Risks

There were no key risks identified.

Overall Audit Opinion

The audit has identified that satisfactory measures are in place for contract strategy arrangements for the contracts tested. The auditor has made a provision of substantial assurance in relation to the area under review.